
**New Jersey Pinelands Commission
Long-Term Economic Monitoring Program**

2002 Annual Report

Executive Summary



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December 2002

Introduction

The Pinelands National Reserve was established in 1978 and is the nations first federal reserve. It covers an area of over 1 million acres in the heart of southern New Jersey. The Pinelands Comprehensive Management Plan (CMP) was adopted in 1980 and manages land use activities at regional and local levels. Of particular importance to the regional economy are land use policies crafted by the Pinelands Commission and implemented by municipalities that significantly limit development in designated Preservation, Forest, and Agricultural Areas. Growth is permitted and even encouraged in other districts, particularly Regional Growth and Town Areas.

The goal of the Long-Term Economic Monitoring Program is to continually evaluate the health of the economy of the Pinelands region in an objective and reliable way. The economic monitoring program, in conjunction with an ongoing environmental monitoring program, will provide essential information for consideration by the New Jersey Pinelands Commission as it seeks to meet the mandates set forth in federal and state legislation. Both monitoring programs are cooperative ventures, administered by the Pinelands Commission and funded by the National Park Service.

Monitoring of economic conditions is accomplished by compiling data for key indicators (also referred to as variables) in the areas of property values, economic growth, and municipal finance. To the extent possible, data for the variables are obtained from 1980 (the year the Pinelands Comprehensive Management Plan came into effect) to the present, and updated on an annual basis. Analysis relies on municipal level data for most economic indicators and county level data for some others (refer to Table 1 for specific indicators). To understand the larger context of Pinelands economic trends, the report provides comparisons between several different areas, including Pinelands, Non-Pinelands, Southern New Jersey, and New Jersey. Data compilation was initiated in 1996 with the first in a series of annual reports beginning in 1997. This Executive Summary accompanies the 2002 Annual Report, the sixth in the series of reports.

In addition to ongoing data compilation, the design of the Long-Term Economic Monitoring Program calls for the in-depth analysis of certain issues based on indications observed

in the data. Projects currently underway are discussed at the end of this summary.

What's New This Year

Table 1 shows the indicators tracked by the Long-Term Economic Monitoring Program and the years of data compiled. New data were not available for the following variables, some of which rely on infrequent censuses for updating: median age; agricultural census data; municipal expenditures per household; net cash return per farm; tax collection rate; assessment class proportions; and municipal expenditures. Major changes to variables collected this year include: the adjustment of all monetary values to CPI 2000 dollars; the discontinuation of the previous source for retail sales data and the substitution of data from the Census of Retail Trade; and the addition of population data at the block level for municipalities inside and outside the Pinelands.

Table 1. Summary of Core Variables in Second Annual Report

Variable	Years Collected¹	Years Added²	Frequency Collected	Method of Analysis
Building Permits	'80-'01	'01	Annual	Inside/Outside Pinelands (I/OP) & Municipal Comparables (MC)
Median Prices of Homes	'88-'01	'01	Annual	I/OP
Vol. Real Est. Transactions	'88-'01	'01	Annual	I/OP
Per Capita Retail Sales	'92, '97	'92, '97	Quintennial	County, I/OP
Income	'80, '90, '00	'00	Decennial	I/OP
Unemployment	'80-'01	'01	Annual	I/OP
Employment	'93-'99	'99	Annual	I/OP
Number of Establishments	'93-'99	'99	Annual	I/OP
Payroll by Major Ind. Sector	'93-'99	'99	Annual	I/OP
Farmland Assessed Acres	'86-'99	'99	Annual	I/OP
Net Cash Return/Farm & Ac.	'87, '92, '97	None	Quintennial	County
Blueberry & Cranberry Prod.	'72-'01	'01	Annual	State
Population	'80, '90, '00	'90, '00 (Census Block)	Decennial	I/OP, Census Block
Demographics	'80, '90, '00	None	Decennial	I/OP
Avg. Resid. Property Tax Bill	'83-'01	'00, '01	Annual	I/OP & MC
Equalized Property Value	'80-'01	'01	Annual	I/OP & MC
Effective Tax Rate	'80-'01	'00, '01	Annual	I/OP & MC
Tax Collection Rate	'80-'94	None	Annual	I/OP & MC
Assessment Class Proportions in Municipal Tax	'80-'94	None	Annual	I/OP & MC
Muni. Expend.'s Per Capita	'80-'94	None	Annual	I/OP & MC
Muni. Expend.'s Per Hshold.	'80, '90	None	Decennial	I/OP & MC

¹ Data acquisition is based on the availability of data. An effort is made to acquire data for every year available from 1980 to the present.

² Refers to addition from 2001 Annual Report and specifies which years of data are new in this update.

Results in Brief

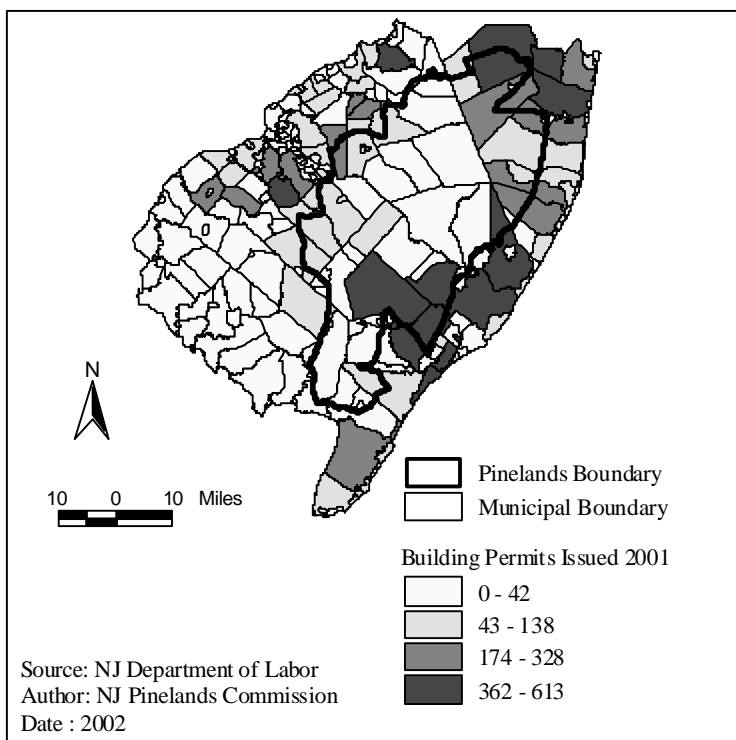
Property Values and Residential Development

Following a surge in building permits issued in 2000, permits issued decreased for all regions in New Jersey in 2001, representing the first decrease in six years

Three variables are tracked annually to monitor residential development activity and the vitality of property values: the average number of dwelling units authorized by building permits, median selling prices of homes, and volume of residential real estate transactions.

All regions of the state experienced a decline in building permits issued during 2001 due to the slowing economy. The decline is also relative to the large surge in permits issued in 2000. Average building permits issued in the Pinelands region declined by 23.4% in 2001 while the State and Non-Pinelands regions experienced 18% and 6.9% decreases respectively. The bulk of building permits issued continued to be along the northern, eastern, and western edges of the Pinelands region where development pressures are greatest. However, with the exception of a few regional growth municipalities, most of these permits were actually directed towards development outside of Pinelands boundaries.

Residential Building Permits Issued 2001



Inflation adjusted median selling prices of homes remained relatively steady for all regions of the State in 2001; however, the number of real estate transactions in the state decreased by 4.5%, while transactions continued to increase in South Jersey. The Pinelands region experienced a 2.9% increase in transactions, while the Non-Pinelands region had a 1.7% increase. Similar to building permits, the bulk of home sales took place along the northern, eastern, and western edges of the Pinelands region.

In addition to monitoring the three variables mentioned above, the detailed design calls for more in-depth study of land and housing values. Data gathering for an analysis of vacant land transactions is ongoing, and analysis is scheduled to begin in 2003.

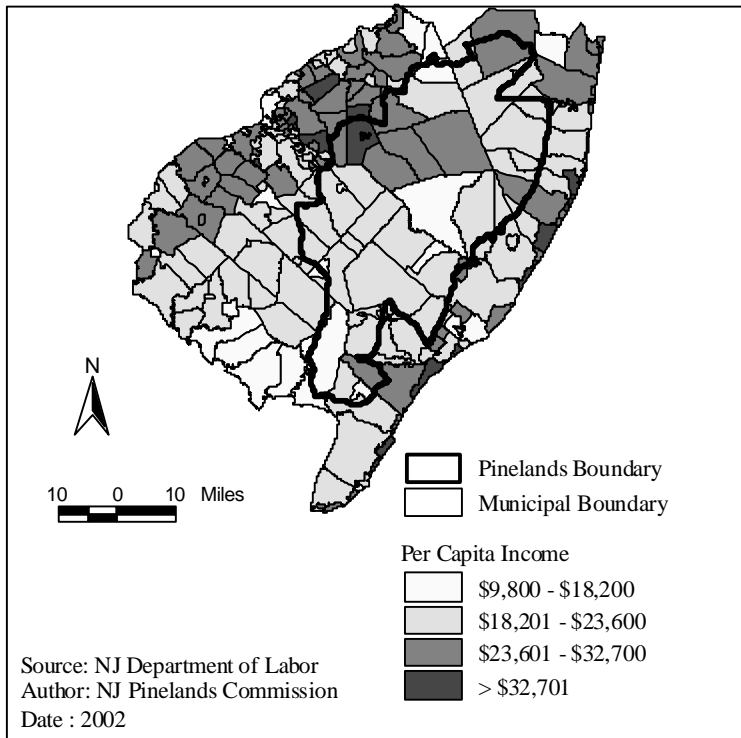
Economic Growth

Seven variables are monitored annually to provide insight into the regional business climate and key business sectors: retail sales; per capita income; unemployment; employment, establishments, and wages; and agriculture (including farmland assessed acreage, agricultural sales, net cash return per farm, and blueberry and cranberry production), population, and demographics.

Suburban municipalities close to Philadelphia and shore communities tended to have higher per capita income

New per capita income data for 2000 reveals that income in the Pinelands region is still lower than other regions of New Jersey, but is increasing at a faster rate. Per capita income (adjusted for inflation, shown in 2000 dollars) in the Pinelands region increased by 13% between 1990 and 2000, to \$21,470. Per capita income outside the Pinelands increased by 5% to \$24,524, and statewide income rose 9% to \$29,934. While income levels increased between 1990 and 2000, the rate of increase was much smaller than it was between 1980 and 1990 for all regions in the state.

2000 Per Capita Income



Unemployment levels throughout the state rose for the first time in nine years in 2001. The 2001 unemployment rate in the Pinelands region was 4.0%, a 0.1% increase from 2000.

Unemployment outside the Pinelands was greater, as unemployment rose 0.1% to 4.5% in the Non-Pinelands region and increased 0.4% to 4.2% for the state as a whole. In general, suburban municipalities close to Philadelphia tended to have lower unemployment levels while higher unemployment levels could be found in rural southern municipalities.

The largest employment sectors in the Pinelands are retail, services, and construction

Employment levels and the number of establishments continued to increase in all regions of the state in 1999. Retail and service sectors continued to make up the majority of employment in all regions. The Pinelands had a larger percentage of employment and establishments in the construction sector than other regions, while it had a smaller percentage of employment and establishments in the manufacturing sector.

Wages remained lower in the Pinelands region than all other regions of the state. However, growth in Pinelands wages outpaced the Non-Pinelands region in from 1996 through 1999. Agricultural wages in the Pinelands are much higher than in the

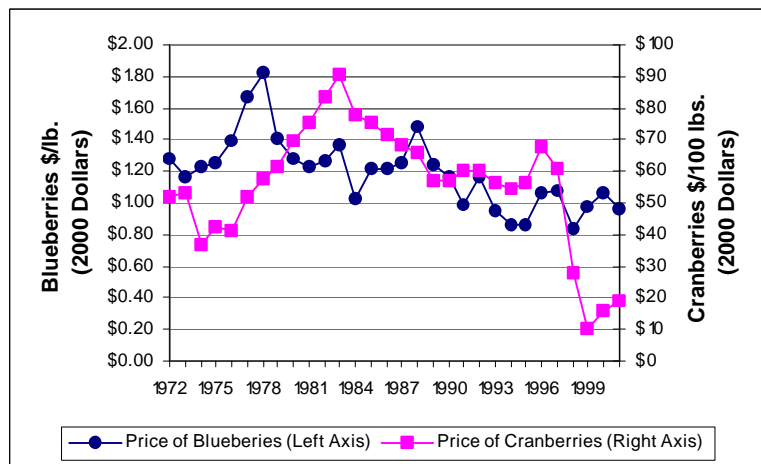
Non-Pinelands region, while the opposite is true for the manufacturing sector.

Following a precipitous drop, cranberry prices increased by 79% between 1999 and 2001

Cranberry prices rebounded between 1999 and 2001 after a precipitous drop between 1997 and 1999. Inflation adjusted cranberry prices increased by 79% from \$10.44 per 100 lbs to \$18.72. Prices still remain well below their peak level of \$67.83 in 1996. The increase in price is due to a decrease in production between 1999 and 2001 and an increase in sales between 1999 and 2000 (sales for 2001 are currently unavailable).

Conditions in the blueberry industry were stagnant in comparison. A small upswing in 2000 was followed by a small downturn in 2001. Inflation adjusted blueberry prices in 2001 were 1% lower than 1999 prices, while utilized production of blueberries decreased by 5% to 37 million pounds. Sales decreased by 4.5% between 1999 and 2000 (sales for 2001 are currently unavailable).

Cranberry and Blueberry Prices



Of the 53 Pinelands municipalities, 20 accounted for 85% of the total population within the Pinelands boundary

The 2002 Annual Report includes a refined analysis of population data at the census block level using ArcView GIS, to calculate population for the areas of each Pinelands municipality that are inside and outside the Pinelands boundary. The results of the analysis reveal that 276,889 people lived within the Pinelands boundary in 2000, a 5.5% increase over the 1990 population of 262,507. Population growth in the portions of the Pinelands municipalities that are outside the boundary increased by 14.3%, to 412,557.

Of the 53 Pinelands municipalities, the ten municipalities with the highest Pinelands population account for 58% of the total

Pinelands population, while the top twenty account for 85% of the total population. Pemberton, Hamilton, and Medford Townships had the highest population inside the boundary, while Stafford, Egg Harbor, and Hamilton Townships had the largest absolute increase in population inside the boundary between 1990 and 2000. A table showing population inside and outside the boundary is included at the end of the summary.

Municipal Finances

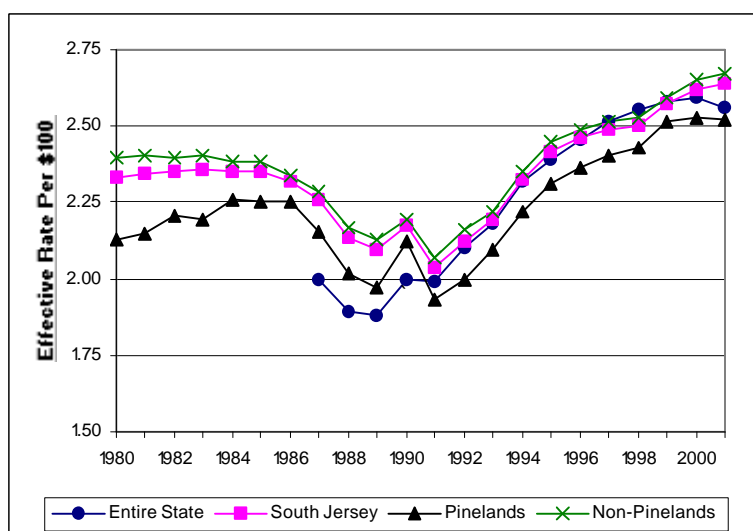
Seven variables are monitored annually to provide information on the fiscal health of municipalities: average residential property tax bill, state equalized valuation, effective tax rates, tax collection rates, assessment class proportions in municipal tax revenues, municipal expenditures by type per capita, and municipal expenditures per household. New data have not been available since 1994 for tax collection rate, assessment class proportions, municipal expenditures by type per capita and per household. Replacements for these variables will be investigated in early 2003 if updates are still unavailable.

The average residential property tax bill in the Pinelands is \$424 lower than the Non-Pinelands region

The average residential tax bill increased in all regions of the state between 2000 and 2001, but the rate of increase in the Pinelands region was lower than the Non-Pinelands region and the state. The average bill in the Pinelands rose by 0.8% between 2000 and 2001, compared to 1.7% for the Non-Pinelands region and 1.9% for the state. The average inflation adjusted 2001 bill in the Pinelands region was \$2,857; \$424 lower than the Non-Pinelands region and \$1,655 lower than the state average.

The equalized value of property continued to rise for all regions of the state between 1999 and 2001, but at a slower rate in the Pinelands region compared to the Non-Pinelands region. The average effective tax rate for the Pinelands region and the state fell for the first time in ten years, by 0.3% and 1.2% respectively. The rate for the Non-Pinelands region rose by 0.9%. The average effective rate for the Pinelands region in 2001 was 2.52, compared to 2.67 for the Non-Pinelands region.

Effective Tax Rates



Municipal Comparables Analysis

The annual monitoring program previously included an analysis of several variables in a different format to identify how activity may differ between groups of similar or “comparable” municipalities inside and outside of the Pinelands. This analysis was discontinued in 2002 for two reasons. First, the results of the analysis showed little of major concern for each of the years that it was performed. Second, the complexity of the analysis made it difficult to interpret and added little informative value to the overall report. A new approach and methodology will be created in the future.

Municipal Fact Book

The municipal fact book is a new addition to the 2002 Annual Report. Economic data is arranged by Pinelands municipality, rather than by variable, in order to provide a better understanding of the unique economic characteristics of each municipality. The fact sheets are arranged by county and display a number of variables for each municipality, listed alongside the average value for Southern New Jersey and a ranking for that variable among the 202 municipalities in Southern New Jersey. The fact book is located in the appendix of the Annual Report.

Special Studies

Special studies represent the second major component of the monitoring program. One study may be initiated in each year

of the program (individual studies may require more than one year to complete, depending on research requirements). Special studies will be released as separate reports upon their completion.

1st Special Study: Value-Added Blueberry Products

The blueberry study was a partnership between the Pinelands Commission (supported through the National Park Service), Cook College at Rutgers University, and New Jersey's blueberry growers for the purpose of boosting the blueberry industry by creating a value added product. The Commission's role in the study was successfully completed in November of 2001. A detailed description of the project can be found in the 2001 Annual Report. Development and marketing of value-added blueberry products will continue indefinitely through Blueberry Health Inc.

2nd Special Study: Indicators of Municipal Health

The second special study focuses on characterizing and identifying municipalities experiencing poor health. The goals of the project are to: 1) produce a database of indicators that are reflective of municipalities' social, economic, physical, and fiscal conditions; 2) produce an objective, systematic and repeatable model that identifies municipalities experiencing poor health using the database of indicators; 3) select economically challenged communities using the results from the model; and 4) develop methods to calculate financial aid and/or other resources that may alleviate the degree of strain in the identified municipalities.

In January 2001, a short questionnaire was administered to municipals in 36 Pinelands municipalities. The questionnaire was designed to reveal opinions on indicators of fiscal health and on ways to measure and compare fiscal health among municipalities. In general, the results of the questionnaire suggest that the most pressing municipal health concerns of Pinelands municipalities relate to a healthy tax base (i.e., a mix of commercial, industrial, residential land), tax rates, and school costs. These themes will be looked at more closely during the course of this project.

Preliminary models were designed in the summer of 2001 but require additional revision, particularly to incorporate new data and to compensate for the continued unavailability of updated municipal finance data. The project will be reorganized and continued in 2003.

2000 Population Inside and Outside the Pinelands Boundary, by Pinelands Municipality

Municipality	% Land in Pinelands	Total Population Inside 2000	% Population Inside	% Population Outside	Total Population Outside 2000
Pemberton Twp	90%	28,127	98%	2%	564
Hamilton	97%	19,136	93%	7%	1,363
Medford Twp	75%	18,239	82%	18%	4,014
Egg Harbor Twp	38%	16,209	53%	47%	14,517
Winslow	81%	15,599	45%	55%	19,012
Monroe	69%	14,406	50%	50%	14,561
Stafford	39%	13,390	59%	41%	9,142
Hammonton	100%	12,604	100%	0%	0
Manchester	72%	12,185	31%	69%	26,743
Evesham	55%	11,553	27%	73%	30,722
Galloway	38%	10,658	34%	66%	20,551
Waterford	100%	10,494	100%	0%	0
New Hanover	91%	9,109	93%	7%	635
Southampton	73%	7,193	69%	31%	3,195
Tabernacle	100%	7,170	100%	0%	0
Shamong	100%	6,462	100%	0%	0
Buena Vista	90%	6,248	84%	16%	1,188
Mullica	100%	5,912	100%	0%	0
Maurice River	69%	4,819	70%	30%	2,109
Egg Harbor City	100%	4,545	100%	0%	0
Medford Lakes	100%	4,173	100%	0%	0
Jackson	47%	4,106	10%	90%	38,710
BarNEGAT	56%	3,226	21%	79%	12,044
North Hanover	4%	3,090	42%	58%	4,257
Woodbine	95%	2,716	100%	0%	0
Franklin	36%	2,664	17%	83%	12,802
South Toms River	48%	2,495	69%	31%	1,139
Berkeley	30%	2,467	6%	94%	37,524
Lakehurst	87%	2,393	95%	5%	129
Folsom	100%	1,972	100%	0%	0
Weymouth	82%	1,668	74%	26%	600
Dennis	38%	1,623	25%	75%	4,869
Chesilhurst	100%	1,520	100%	0%	0
Estell Manor	72%	1,502	95%	5%	72
Bass River	87%	1,234	82%	18%	276
Upper	33%	1,175	10%	90%	10,940
Woodland	100%	1,170	100%	0%	0
Buena	47%	865	22%	78%	3,008
Washington	100%	621	100%	0%	0
Lacey	67%	521	2%	98%	24,825
Plumsted	53%	412	6%	94%	6,863
Berlin Twp	16%	403	8%	92%	4,887
Vineland	7%	186	0%	100%	56,085
Ocean	41%	145	2%	98%	6,305
Berlin Boro	10%	141	2%	98%	6,008
Wrightstown	73%	123	16%	84%	625
Little Egg Harbor	23%	107	1%	99%	15,838
Port Republic	35%	102	10%	90%	935
Corbin City	1%	7	1%	99%	461
Beachwood	28%	4	0%	100%	10,371
Eagleswood	20%	0	0%	100%	1,441
Springfield	2%	0	0%	100%	3,227